

Delayed Ex.-PSC-Hubert-7p
Docket 9400-YO-100
Witness: Lois Hubert
March 23, 2015
Cover Page

Wisconsin Energy Corporation/Integrus Energy Group

Delayed Exhibit 7 Schedule

Description	Schedule
WEC's response to Commission Staff's First Michigan Settlement Data Request dated March 17, 2015	
Question 1 - ERF REF#: 233483	1
Question 2 - ERF REF#: 233493 Confidential or 233494 Public	2
Question 3 - ERF REF#: 233484	3
Question 4 - ERF REF#: 233485	4
Question 5 - ERF REF#: 233486	5
Question 6 - ERF REF#: 233487	6
Question 7 - ERF REF#: 233488	7
Question 8 - ERF REF#: 233489	8
Question 9 - ERF REF#: 233490	9

Prepared by: Lois Hubert
Public Utility Financial Analyst, Gas and Energy Division
Public Service Commission of Wisconsin

**Application of Wisconsin Energy Corporation for Approval to Acquire the
Outstanding Common Stock of Integrys Energy Group, Inc.
PSCW Docket No. 9400-YO-100**

Witness: Lois Hubert
March 23, 2015
Schedule 1
Page 1 of 1

**WEC's Response to
Commission Staff's First Michigan Settlement Data Request
Dated: March 17, 2015**

REQUEST NO. PSCW MI Sett-01-01:

Please provide copies of all side agreements related to the Amended Agreement.

RESPONSE:

Gale Klappa, Chairman and CEO of Wisconsin Energy Corporation, will be signing an affidavit committing that (1) WEC will not interfere with negotiations between the iron ore mines located in the Upper Peninsula of Michigan and a third party to construct a new, clean generation electric plant in the Upper Peninsula, and (2) WEC will enter into an off-take agreement. Once Mr. Klappa executes the affidavit and it is filed with the MPSC, we will provide a copy to the Commission.

Other than this affidavit, there are no other side agreements related to the Amended and Restated Settlement Agreement.

Answered by: Joshua Erickson

Public Service Commission of Wisconsin
RECEIVED: 03/20/15, 1:56:06 PM

**Application of Wisconsin Energy Corporation for Approval to Acquire the
Outstanding Common Stock of Integrys Energy Group, Inc.
PSCW Docket No. 9400-YO-100**

**WEC's Response to
Commission Staff's First Michigan Settlement Data Request
Dated: March 17, 2015**

REQUEST NO. PSCW MI Sett-01-02:

Regarding the "special contract entered into between Wisconsin Electric and the Mines dated March 12, 2015":

- a. Please provide a copy.
- b. What impact will the contract have on Wisconsin retail customer rates? What is the basis for the company's answer?
- c. What impact will the contract have on Wisconsin wholesale customer rates? What is the basis for the company's answer?
- d. How does this special contract compare to the previous rates WEPCO had with the mines?

RESPONSE:

- a. A **CONFIDENTIAL ATTORNEY/REVIEWER EYES ONLY** copy of the document is attached.
- b. The contract provides for Wisconsin Electric to serve the mine load for five years. In theory, this will allow the company's fixed costs to be spread over a larger amount of demand and energy, which (holding all other factors constant) is anticipated to result in lower rates for Wisconsin retail customers. **Answered by: Dave Carlson**
- c. We anticipate that our wholesale customers (whether located in Wisconsin or elsewhere) will see lower rates because of this contract. All full requirements wholesale customers are allocated a slice of system costs according to the pricing mechanism explained in WEPCO's FERC-approved Formula Rate Tariff. The system costs are allocated across three jurisdictions-- Wisconsin retail, Michigan retail and FERC wholesale -- on a load ratio share. Since this contract increases the load associated with Michigan retail sales without increasing system costs, this suggests that our wholesale customers' rates will be lower than if the contract did not exist and the Mines were to return to buying power from an Alternative Energy Supplier. **Answered by: Charles Milliken**
- d. The special contract is supplied in the response to (a). The Mines are currently served under the Company's Michigan tariff titled "General Primary Full Requirements and Retail Access Service – Large Curtailable Contract Rate CpLC," which is attached. **Answered by: Dave Carlson**

2015 – 2019 LARGE CURTAILABLE SPECIAL CONTRACT

This Non-Firm Power Contract confirms the Transaction agreed to as of March 12, 2015, by and between Tilden Mining Company L.C., Duns # 08-3226233 ("Buyer"), and Wisconsin Electric Power Company, Duns #00-794-7385 ("WEPCO" or "the Company"), with respect to the purchase and sale of non-firm Energy.

Term: The contract starts the day after the Michigan Public Service Commission ("MPSC") has issued an order or orders approving without modification: (i) the Amended and Restated Settlement Agreement in Case No. U-17682, and (ii) this contract. The contract terminates hour ending 24 on December 31, 2019. Upon the written request of Buyer provided no earlier than 90 calendar days prior to December 31, 2019, the parties will negotiate in good faith for a replacement contract on commercially reasonable terms. Neither party can terminate this contract without the prior written consent of the other party.

Energy: 100% of the energy is curtailable

Charges:

- 1) Energy Charge per kWh: For 2015 the Energy Charge is \$ [REDACTED] per kWh, plus a Power Supply Cost Recovery (PSCR) factor of [REDACTED]. For 2016-2019 the Energy Charge per kWh will be set, adjusted and reconciled per WEPCO's PSCR clause; provided that such Energy Charges shall not include any charges or adjustments related to costs incurred prior to 2016.

- 2) Recovery of Fixed Assets Charge per kWh:

2015	2016	2017	2018	2019
\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]

- 3) Distribution Charge: \$ [REDACTED] per kWh

Projected Charges per kWh	2015	2016	2017	2018	2019
1) Energy Charge (A)	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
2) Recovery of Fixed Assets Charge	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
3) Distribution Charge	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Total Projected Charges per kWh	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]

(A) Energy charge for 2016 – 2019 may be higher or lower based on charges per the PSCR clause.

Charges are subject to PSCR and Energy Optimization surcharges and credits applicable to Rate CpLC shown on Sheet Nos. D-3.00 to D-5.05 of Wisconsin Electric Power Company's Michigan Rate Book for Electric Service ("Rate Book"), as may be revised from time to time.

Minimum Charge:

The monthly minimum charge shall be the Energy Optimization Surcharge.

Payment Terms:

Payment is due 21 days after the invoice is rendered.

Late Payment Charge:

A 1.5% per month Late Payment Charge will be applied to outstanding charges past due.

Power Factor Demand:

There is no Power Factor Demand Charge unless Buyer fails to comply with Conditions of Delivery, paragraph 8.

Conditions of Delivery:

1. The Company will supply three-phase, 60 hertz, full requirements power service to the Buyer at approximately 13,800 volts. The Company will provide such service through the Company's existing 138,000 volts to 13,800 volts transformation facilities at the existing substation on the Buyer's premises. The Company shall be responsible for the operation, repair and maintenance of such facilities. The Company will deliver such service at the existing service delivery points. The meters are installed on the low side of the Company owned transformers located at the substation serving the Buyer's premises, and the meters will not be programmed for distribution loss compensation.
2. The Buyer shall, at its expense, install all apparatus and materials necessary for the measurement of the curtailment of load. The Buyer's circuits are to be arranged so that none of the curtailable load can be transferred to service furnished under any other rate.

3. Service under this rate shall be subject to curtailment solely due to, and only to the extent of, capacity constraints which preclude the ability of the Company to meet system demands. The sum of capacity curtailment hours will not exceed 300 hours in any calendar year. Brief periods of curtailment (periods that are less than four hours in duration) shall be regarded as having lasted four hours, for purposes of limiting the total annual hours to 300. Interruptions due to lightning, wind and other physical causes, other than intentional curtailment by the Company, shall not be considered in determining the hours of curtailment. Within five (5) business days of each curtailment, the Company shall provide written notice, and supporting documentation, to the Buyer and the MPSC, identifying the cause of the curtailment.
4. Within two hours of being notified to curtail by the Company, the Buyer must curtail demand to the curtailment demand level specified by the Company, and remain at or below the curtailment demand level until the Buyer is notified by the Company that the curtailment period has ended. The notice to curtail shall be confirmed in writing to the Buyer's designee for receiving such notices and the Buyer's designee shall acknowledge receipt of such notice, with the Buyer's intent to comply with such notice, as soon as reasonably possible.

The Buyer shall be charged a penalty for each occurrence in which the Buyer fails to curtail load during a period of curtailment. *In the event of a full curtailment*, the penalty shall be thirty-five dollars (\$35) per kilowatt of maximum measured demand recorded during the period of curtailment of service which is above zero. *In the event of a partial curtailment, the penalty shall be thirty-five dollars (\$35) per kilowatt of maximum measured demand recorded during the period of curtailment of service which is above the Company's requested curtailment level.* The Company may suspend service under this contract if the Buyer fails to curtail service twice in any consecutive twelve month period, and thereafter serve the Buyer under the appropriate rate.

5. The Buyer shall pay in advance of construction all costs estimated by the Company for facilities to serve the curtailable load.
6. The Company shall use reasonable diligence in furnishing an uninterrupted and regular supply of power, but it shall not be liable for interruptions, deficiencies, or imperfections of electric service provided under this contract.
7. Buyer with its own generating equipment shall be required to separately meter such equipment.
8. **Measured Demands**
Measured demand shall be the rate at which energy is used for a period of 60 consecutive minutes as ascertained by a watt-hour meter and an associated electronic recorder or other standard measuring device.

Contract Demand

Contract demand shall be the maximum measured demand which occurs the current or preceding 11 billing periods.

Power Factor must be maintained between 98% leading and 90% lagging at all times. Power Factors outside this range will incur a Power Factor Demand Charge of \$6.814 per kW of Power Factor Demand. Power Factor Demand is defined as:

Power Factor Demand:

Demand charges in this contract are based on a standard power factor of 1.00. The power factor shall be calculated from the kilowatthours "A", as obtained from the watt-hour meter, and the kilovolt-ampere reactive hours "B", as obtained from a leading/ lagging reactive component meter, which are used during the same 60 minute period in which the maximum measured on-peak demand occurs by the following formula:

Peak Power Factor = A divided by square root of $(A^2 + B^2)$

- (a) For Power Factors between 98% leading and 90% lagging:

Power Factor Demand = 0

- (b) For lagging Power Factors below 90%:

Power Factor Demand = (Contract Demand) x (0.65) (1 - Peak Power Factor)

- (c) For leading Power Factors below 98%:

Power Factor Demand = (Contract Demand) x (1 - Peak Power Factor)

9. Notwithstanding, and expressly and specifically waiving, any right that Buyer might otherwise have, whether pursuant to statute, rule, regulation, order, tariff or agreement, to return to or receive Retail Access Service, Buyer shall receive full requirements electric service from WEPCO during the term of this contract.
10. Charges are inclusive of all current taxes levied on WEPCO. However, given the length of this contract's term and the uncertainty regarding what federal, state or local taxes may be imposed in the future and the cost impact of changes in federal, state or local laws ("Changes in Law"), the parties agree that a component of the charge should reflect any new or changed tax and the cost impact of any Changes in Law. In the event that new taxes or fees are imposed upon WEPCO's operations or the sale or transmission of power and/or there is an increase or decrease in the rate or amount

of any tax or fee or changes in cost due to Changes in Law, the pro rata effect of any such Changes in Law, new taxes and/or fees or increases or decreases in existing taxes on the price for power supplied under this Contract would be determined and, the price for energy adjusted to include increase or decrease in costs due to Changes in Law and/or taxes.

11. Except as otherwise provided in this contract, service provided by WEPCO under this contract shall be governed by the Company's Rate Book and to such filed changes in its Rate Book as may become effective from time to time. The Rate Book includes general rules on the Buyer's responsibilities for usage and application. To the extent of a conflict between the provisions of this contract and the Company's Rate Book, this contract shall control.
12. This contract shall supersede all prior agreements between the parties with respect to the supply of electric service to the Buyer and shall be binding upon the successors and assigns of the parties. This contract may not be assigned by either party without the prior written consent of the other party, which consent shall not be unreasonably withheld, conditioned, or delayed, provided however, that WEPCO may assign this contract upon notice to Buyer in connection with the sale or transfer of all or substantially all of WEPCO's electric distribution business in Michigan.

Confirmed in writing this 12th day of March, 2015.

Wisconsin Electric Power Company

By: *Allen D. Leverett*
Name: Allen D. Leverett
Title: Executive Vice President

Tilden Mining Company L.C.

By: *Theray G. Pedron, II*
Name: Theray G. Pedron, II
Title: 3/12/2015

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2015 – 2019 LARGE CURTAILABLE SPECIAL CONTRACT

This Non-Firm Power Contract confirms the Transaction agreed to as of March 12, 2015, by and between Empire Iron Mining Partnership, Duns #06-8890839 ("Buyer"), and Wisconsin Electric Power Company, Duns #00-794-7385 ("WEPCO" or "the Company"), with respect to the purchase and sale of non-firm Energy.

Term: The contract starts the day after the Michigan Public Service Commission ("MPSC") has issued an order or orders approving without modification: (i) the Amended and Restated Settlement Agreement in Case No. U-17682; and (ii) this contract. The contract terminates hour ending 24 on December 31, 2019. Upon the written request of Buyer provided no earlier than 90 calendar days prior to December 31, 2019, the parties will negotiate in good faith for a replacement contract on commercially reasonable terms. Neither party can terminate this contract without the prior written consent of the other party.

Energy: 100% of the energy is curtailable

Charges:

- 1) Energy Charge per kWh: For 2015 the Energy Charge is \$ [REDACTED] per kWh, plus a Power Supply Cost Recovery (PSCR) factor of [REDACTED]. For 2016-2019 the Energy Charge per kWh will be set, adjusted and reconciled per WEPCO's PSCR clause; provided that such Energy Charges shall not include any charges or adjustments related to costs incurred prior to 2016.

- 2) Recovery of Fixed Assets Charge per kWh:

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]

- 3) Distribution Charge: \$ [REDACTED] per kWh

<u>Projected Charges per kWh</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
1) Energy Charge (A)	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
2) Recovery of Fixed Assets Charge	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
3) Distribution Charge	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Total Projected Charges per kWh	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]

(A) Energy charge for 2016 – 2019 may be higher or lower based on charges per the PSCR clause.

Charges are subject to PSCR and Energy Optimization surcharges and credits applicable to Rate CpLC shown on Sheet Nos. D-3.00 to D-5.05 of Wisconsin Electric Power Company's Michigan Rate Book for Electric Service ("Rate Book"), as may be revised from time to time.

Minimum Charge:

The monthly minimum charge shall be the Energy Optimization Surcharge.

Payment Terms:

Payment is due 21 days after the invoice is rendered.

Late Payment Charge:

A 1.5% per month Late Payment Charge will be applied to outstanding charges past due.

Power Factor Demand:

There is no Power Factor Demand Charge unless Buyer fails to comply with Conditions of Delivery, paragraph 8.

Conditions of Delivery:

1. The Company will supply three-phase, 60 hertz, full requirements power service to the Buyer at approximately 13,800 volts. The Company will provide such service through the Company's existing 138,000 volts to 13,800 volts transformation facilities at the existing substation on the Buyer's premises. The Company shall be responsible for the operation, repair and maintenance of such facilities. The Company will deliver such service at the existing service delivery points. The meters are installed on the low side of the Company owned transformers located at the substation serving the Buyer's premises, and the meters will not be programmed for distribution loss compensation.
2. The Buyer shall, at its expense, install all apparatus and materials necessary for the measurement of the curtailment of load. The Buyer's circuits are to be arranged so that none of the curtailable load can be transferred to service furnished under any other rate.

3. Service under this rate shall be subject to curtailment solely due to, and only to the extent of, capacity constraints which preclude the ability of the Company to meet system demands. The sum of capacity curtailment hours will not exceed 300 hours in any calendar year. Brief periods of curtailment (periods that are less than four hours in duration) shall be regarded as having lasted four hours, for purposes of limiting the total annual hours to 300. Interruptions due to lightning, wind and other physical causes, other than intentional curtailment by the Company, shall not be considered in determining the hours of curtailment. Within five (5) business days of each curtailment, the Company shall provide written notice, and supporting documentation, to the Buyer and the MPSC, identifying the cause of the curtailment.
4. Within two hours of being notified to curtail by the Company, the Buyer must curtail demand to the curtailment demand level specified by the Company, and remain at or below the curtailment demand level until the Buyer is notified by the Company that the curtailment period has ended. The notice to curtail shall be confirmed in writing to the Buyer's designee for receiving such notices and the Buyer's designee shall acknowledge receipt of such notice, with the Buyer's intent to comply with such notice, as soon as reasonably possible.

The Buyer shall be charged a penalty for each occurrence in which the Buyer fails to curtail load during a period of curtailment. *In the event of a full curtailment*, the penalty shall be thirty-five dollars (\$35) per kilowatt of maximum measured demand recorded during the period of curtailment of service which is above zero. *In the event of a partial curtailment*, the penalty shall be thirty-five dollars (\$35) per kilowatt of maximum measured demand recorded during the period of curtailment of service which is above the Company's requested curtailment level. The Company may suspend service under this contract if the Buyer fails to curtail service twice in any consecutive twelve month period, and thereafter serve the Buyer under the appropriate rate.

5. The Buyer shall pay in advance of construction all costs estimated by the Company for facilities to serve the curtailable load.
6. The Company shall use reasonable diligence in furnishing an uninterrupted and regular supply of power, but it shall not be liable for interruptions, deficiencies, or imperfections of electric service provided under this contract.
7. Buyer with its own generating equipment shall be required to separately meter such equipment.
8. **Measured Demands**
Measured demand shall be the rate at which energy is used for a period of 60 consecutive minutes as ascertained by a watt-hour meter and an associated electronic recorder or other standard measuring device.

Contract Demand

Contract demand shall be the maximum measured demand which occurs the current or preceding 11 billing periods.

Power Factor must be maintained between 98% leading and 90% lagging at all times. Power Factors outside this range will incur a Power Factor Demand Charge of \$6.814 per kW of Power Factor Demand. Power Factor Demand is defined as:

Power Factor Demand:

Demand charges in this contract are based on a standard power factor of 1.00. The power factor shall be calculated from the kilowatthours "A", as obtained from the watt-hour meter, and the kilovolt-ampere reactive hours "B", as obtained from a leading/ lagging reactive component meter, which are used during the same 60 minute period in which the maximum measured on-peak demand occurs by the following formula:

$$\text{Peak Power Factor} = A \text{ divided by square root of } (A^2 + B^2)$$

- (a) For Power Factors between 98% leading and 90% lagging:

$$\text{Power Factor Demand} = 0$$

- (b) For lagging Power Factors below 90%:

$$\text{Power Factor Demand} = (\text{Contract Demand}) \times (0.65) (1 - \text{Peak Power Factor})$$

- (c) For leading Power Factors below 98%:

$$\text{Power Factor Demand} = (\text{Contract Demand}) \times (1 - \text{Peak Power Factor})$$

9. Notwithstanding, and expressly and specifically waiving, any right that Buyer might otherwise have, whether pursuant to statute, rule, regulation, order, tariff or agreement, to return to or receive Retail Access Service, Buyer shall receive full requirements electric service from WEPCO during the term of this contract.
10. Charges are inclusive of all current taxes levied on WEPCO. However, given the length of this contract's term and the uncertainty regarding what federal, state or local taxes may be imposed in the future and the cost impact of changes in federal, state or local laws ("Changes in Law"), the parties agree that a component of the charge should reflect any new or changed tax and the cost impact of any Changes in Law. In the event that new taxes or fees are imposed upon WEPCO's operations or the sale or transmission of power and/or there is an increase or decrease in the rate or amount

of any tax or fee or changes in cost due to Changes in Law, the pro rata effect of any such Changes in Law, new taxes and/or fees or increases or decreases in existing taxes on the price for power supplied under this Contract would be determined and, the price for energy adjusted to include increase or decrease in costs due to Changes in Law and/or taxes.

11. Except as otherwise provided in this contract, service provided by WEPCO under this contract shall be governed by the Company's Rate Book and to such filed changes in its Rate Book as may become effective from time to time. The Rate Book includes general rules on the Buyer's responsibilities for usage and application. To the extent of a conflict between the provisions of this contract and the Company's Rate Book, this contract shall control.
12. This contract shall supersede all prior agreements between the parties with respect to the supply of electric service to the Buyer and shall be binding upon the successors and assigns of the parties. This contract may not be assigned by either party without the prior written consent of the other party, which consent shall not be unreasonably withheld, conditioned, or delayed, provided however, that WEPCO may assign this contract upon notice to Buyer in connection with the sale or transfer of all or substantially all of WEPCO's electric distribution business in Michigan.

Confirmed in writing this 12th day of March, 2015.

Wisconsin Electric Power Company

By: Allen L. Derrett
Name: Allen L. Derrett
Title: Executive Vice President

Empire Iron Mining Partnership

By: Terry G. Fodor, II
Name: Terry G. Fodor, II
Title: 3/12/2015

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M.P.S.C. No. 3 – Electric
Wisconsin Electric Power Company
(Rate Case - *Final* U-16830)

Seventh Revised Sheet No. D-32.00
Replaces *Sixth* Revised Sheet No. D-32.00

GENERAL PRIMARY FULL REQUIREMENTS AND RETAIL ACCESS SERVICE – LARGE CURTAILABLE CONTRACT RATE CpLC

Availability:

To customers contracting for three-phase 60 hertz full requirements power service at approximately 13.8 kilovolts or higher with a minimum of 50 megawatts of curtailable load. If the curtailable load is on isolated and separately metered circuits, it will be treated as a separate service to the Customer. Customers are required to remain on the selected on-peak period for at least one year.

Rates: (for service at primary voltages)	13.8 kV	≥69
Distribution Charges:	to <69 kV	kV
Facilities Charge: per day	\$20.21918	\$20.21918
Demand Charge: Per kW of Customer Maximum Demand	\$4.231 OR \$0.187(a)	\$0.00
Delivery Charge: Per On- and Off-Peak kWh	\$0.01180 OR \$0.00029(a)	\$0.00
Power Factor Demand Charge: Per kW of Power Factor Demand	\$6.814	\$6.625
Power Supply Charges:		
Demand Charge: per kW of Measured On-peak Demand	\$12.762	\$12.491
Curtailment Demand Credit: Per kW of Maximum Measured On-Peak Customer Curtailable Demand	\$5.635	\$5.560
Energy Charge: per kWh		
On-Peak (b)	\$0.06082	\$0.05953
Off-Peak (c)	\$0.04274	\$0.04183

- (a) Charge for Customer that takes service at 13,800 volts or greater, but less than 69,000 volts, directly from a Company-owned substation transformer, and is served using no Company-owned primary lines.
- (b) General Primary on-peak usage is the energy in kilowatthours delivered during the on-peak period selected by the Customer. The two on-peak periods available are: 8:00 a.m. to 8:00 p.m. and 10:00 a.m. to 10:00 p.m., prevailing time, Monday through Friday, excluding those days designated as legal holidays for New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day.
- (c) General Primary off-peak usage is the energy in kilowatthours delivered during all hours other than on-peak hours.

For Determination of Demand, see Sheet Nos. D-32.00 – D-33.00.

Subject to power supply cost recovery factor.

Power Supply and Distribution charges are subject to the surcharges and credits shown on Sheet Nos. D-3.00 to D-5.05

Minimum Charge:

The monthly minimum charge shall be the Facilities Charge, the Renewable Energy Surcharge, the Energy Optimization Surcharge, plus the Demand Charge for Contract Demand. Contract Demand shall be no less than 50 megawatts.

Late Payment Charge:

A 1.5% per month Late Payment Charge will be applied to outstanding charges past due.

(Continued on Sheet No. D-33.00)

Issued *June 27, 2012*
R.A. Draba
Vice-President,
Milwaukee, Wisconsin

Effective for service rendered on and
after *June 27, 2012*

Issued under authority of the
Michigan Public Service Commission
dated *June 26, 2012*
in Case No. U-16830

**GENERAL PRIMARY FULL REQUIREMENTS AND RETAIL ACCESS SERVICE –
LARGE CURTAILABLE CONTRACT RATE CpLC
(Continued from Sheet No. D-32.00)**

Power Factor Demand:

Demand charges in this rate schedule are based on a standard power factor of 1.00. The power factor shall be calculated from the kilowatthours "A", as obtained from the watt-hour meter, and the kilovolt-ampere reactive hours "B", as obtained from a leading/ lagging reactive component meter, which are used during the same 60 minute period in which the maximum measured on-peak demand occurs by the following formula:

Peak Power Factor = A divided by square root of $(A^2 + B^2)$

(a) For Power Factors between 98% leading and 90% lagging:

Power Factor Demand = 0

(b) For lagging Power Factors below 90%:

Power Factor Demand = (Contract Demand) x (0.65) (1 - Peak Power Factor)

(c) For leading Power Factors below 98%:

Power Factor Demand = (Contract Demand) x (1 - Peak Power Factor)

Other Determinations of Demand:

1. Measured Demands

- (a) Measured demand shall be the rate at which energy is used for a period of 60 consecutive minutes as ascertained by a watt-hour meter and an associated electronic recorder or other standard measuring device.
- (b) Measured on-peak demand shall be the maximum measured demand established during on-peak hours within the billing period.

2. Contract Demands

A Customer served under this rate schedule must enter into a contract that specifies a Contract Firm Demand level, and Contract Curtailable Demand level, each specified in kW. Seasonal variances between summer and non-summer demand nomination levels will be allowed for service under the CpLC tariff per terms and conditions in the service contract.

The Customer may, in its sole discretion, re-nominate its Contract Demand levels by providing written notice to the Company of its revised nominations at least 60 days prior to the contract anniversary date. Revised Contract Demand levels shall take effect on the contract anniversary date and shall remain in effect until the effective date of any subsequent Contract Demand re-nominations.

Within two hours of being notified to curtail by the Company, the Customer must curtail demand to the curtailment demand level specified by the Company, but no less than the Contract Firm Demand level, and remain at or below the curtailment demand level until the Customer is notified by the Company that the curtailment period has ended. The notice to curtail shall be confirmed in writing to the Customer's designee for receiving such notices and the Customer's designee shall acknowledge receipt of such notice, with the Customer's intent to comply with such notice, as soon as reasonably possible.

3. Curtailable Demand

Curtailable Demand is that portion of measured demand that exceeds the Contract Firm Demand. If Measured Demand is less than the contract Firm Demand level, Curtailable Demand = 0.

4. Customer Maximum Demand

Customer maximum demand shall be the maximum measured demand which occurs during either the on- or off-peak period, in the current or preceding 11 billing periods.

(Continued on Sheet No. D-34.00)

Issued *May 29, 2009*
R.A. Draba
Vice-President,
Milwaukee, Wisconsin

Effective for service rendered on and
after *July 1, 2009*

Issued under authority of the
Michigan Public Service Commission
dated *May 26, 2009*
in Case No. *U-15812*

**GENERAL PRIMARY FULL REQUIREMENTS AND RETAIL ACCESS SERVICE –
LARGE CURTAILABLE CONTRACT RATE CpLC
(Continued from Sheet No. D-33.00)**

Conditions of Delivery:

1. The Customer must execute an initial one year contract which specifies, among other terms of service, that the Customer will notify the Company at least 30 days before the contract ends as to whether the Customer will continue the curtailable service contract for a minimum of three more years or execute a new contract for service under the appropriate firm service rate. The curtailable service contract will contain a provision which, absent notice, will automatically extend the contract for three years from each anniversary date. At any time, the Customer may terminate the curtailable service contract before its expiration date without penalty. Further, nothing in this tariff prevents the Customer at any time from engaging in self generation or seeking service from an alternative electric supplier to serve all or a portion of its load. However, load removed from the service contract for the reasons of self-service or service from an AES will not be eligible for firm service under this tariff for the remainder of the contract term in place at the time such load is removed from the service contract.
2. If the Customer's curtailable demand is less than 50 MW for any three consecutive months, the Company may suspend service under this rate and thereafter serve the Customer under the appropriate rate.
3. For purposes of determining the Customer's eligibility for this rate, the Customer's curtailable demand will be the difference between the Customer's maximum measured demand during the last consecutive twelve month period and the Customer's proposed Contract Firm Demand.
4. The Customer shall, at its expense, install all apparatus and materials necessary for the measurement of the curtailment of load. The Customer's circuits are to be arranged so that none of the curtailable load can be transferred to service furnished under any other rate.
5. Service under this rate shall be subject to curtailment solely due to, and only to the extent of, capacity constraints which preclude the ability of the Company to meet system demands. The sum of capacity curtailment hours will not exceed 300 hours in any calendar year. Brief periods of curtailment (periods that are less than four hours in duration) shall be regarded as having lasted four hours, for purposes of limiting the total annual hours to 300. Interruptions due to lightning, wind and other physical causes, other than intentional curtailment by the Company, shall not be considered in determining the hours of curtailment. Within five (5) business days of each curtailment, the Company shall provide written notice, and supporting documentation, to the Customer and the Public Service Commission, identifying the cause of the curtailment.
6. The Customer shall be charged a penalty for each occurrence in which the Customer fails to curtail load during a period of curtailment. ***In the event of a full curtailment, the penalty shall be thirty-five dollars (\$35) per kilowatt of maximum measured demand recorded during the period of curtailment of service which is above the Customer's contract firm demand. In the event of a partial curtailment, the penalty shall be thirty-five dollars (\$35) per kilowatt of maximum measured demand recorded during the period of curtailment of service which is above the Company's requested curtailment level.*** The Company may suspend service under this rate if the Customer fails to curtail service twice in any consecutive twelve month period, and thereafter serve the Customer under the appropriate rate.
7. Should the Customer, because of fire, strike, lockout, demonstrations, environmental causes, regulatory constraints, casualties, civil or military authority, insurrection or riot, the actions of the elements, or any other like causes, be prevented from utilizing the power service as contracted, the Company will waive Paragraph 2 of these Conditions of Delivery for such period; provided, however, that the period of time of such suspension of use of power shall be added to the period of the contract; and further, provided that the Customer notifies the Company in writing within six days of the Customer's inability to use said power service, specifying reasons therefore. In no event shall the period of deferral last longer than two (2) months.

(Continued on Sheet No. D-34.01)

Issued **11/19/08**
R.A. Draba
Vice-President,
Milwaukee, Wisconsin

Effective for service rendered on and
after **01/01/09**

Issued under authority of the
Michigan Public Service Commission
dated **11/13/08**
in Case No. **U-15500**

**GENERAL PRIMARY FULL REQUIREMENTS AND RETAIL ACCESS SERVICE –
LARGE CURTAILABLE CONTRACT RATE CpLC**
(Continued from Sheet No. D-34.00)

Conditions of Delivery (Cont.):

8. The Customer shall pay in advance of construction all costs estimated by the Company for facilities to serve the curtailable load.
9. The Company shall use reasonable diligence in furnishing an uninterrupted and regular supply of power, but it shall not be liable for interruptions, deficiencies, or imperfections of electric service provided under this rate except to the extent of a prorated reduction of the demand charge provided herein.
10. Customers with their own generating equipment shall be required to separately meter such equipment.

Issued *11/19/08*
R.A. Draba
Vice-President,
Milwaukee, Wisconsin

Effective for service rendered on and
after *01/01/09*

Issued under authority of the
Michigan Public Service Commission
dated *11/13/08*
in Case No. *U-15500*

**Application of Wisconsin Energy Corporation for Approval to Acquire the
Outstanding Common Stock of Integrys Energy Group, Inc.
PSCW Docket No. 9400-YO-100**

**WEC's Response to
Commission Staff's First Michigan Settlement Data Request
Dated: March 17, 2015**

REQUEST NO. PSCW MI Sett-01-03:

Please provide a detailed listing of all commitments WEC/ WEPCO/ and, if the acquisition is consummated, WPSC are making to the PSCW relating to the amended arrangements. For each commitment please indicate how WEC and affiliates will ensure the commitment is met.

RESPONSE:

There are no commitments being made to the PSCW in connection with the amended arrangements.

Answered by: Joshua Erickson

Public Service Commission of Wisconsin
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**Application of Wisconsin Energy Corporation for Approval to Acquire the
Outstanding Common Stock of Integrys Energy Group, Inc.
PSCW Docket No. 9400-YO-100**

**WEC's Response to
Commission Staff's First Michigan Settlement Data Request
Dated: March 17, 2015**

REQUEST NO. PSCW MI Sett-01-04:

What is the status of the Michigan proceeding in light of the amended agreement?

RESPONSE:

The Amended and Restated Settlement Agreement was signed by some parties (i.e., Joint Applicants, Michigan Public Service Commission ("MPSC") Staff, Michigan Attorney General, and Tilden Mining Company, L.C. and Empire Iron Mining Partnership (collectively, "Mines"), but not all parties (e.g., non-signers were Fibrek, Citizens Against Rate Excess, Verso Paper Corporation and Cloverland Electric Cooperative). The Amended and Restated Settlement Agreement was filed with the Michigan Public Service Commission on March 13, 2015.

The MPSC's Rules of Practice and Procedure, Rule 431, R792.10431 in part provides:

(3) When a written settlement agreement is proposed by some of the parties, it shall be served on all parties to the proceeding. Each party shall file and serve on all parties, within 14 days after being served, its agreement, objection, or nonobjection to the settlement agreement. Failure to respond in writing within 14 days, unless a different time is set by the presiding officer for good cause, shall constitute nonobjection to the settlement agreement. A party who objects to a settlement agreement shall state those objections with particularity and shall specify how it would be adversely affected by the settlement agreement.

(4) In every proceeding, the parties to the settlement agreement shall, upon request, submit a proposed order to the presiding officer.

(5) The commission may approve a settlement agreement if all of the following conditions are met:

(a) Any party that has not agreed to the settlement has signed a statement of nonobjection or has failed to object within the 14 days provided in subrule (3) of this rule, or such other time established by the presiding officer, or the objecting party or parties under subrule (3) of this rule have been given a reasonable opportunity to present evidence and arguments in opposition to the settlement agreement.

(b) The commission finds that the public interest is adequately represented by the parties who entered into the settlement agreement.

(c) The commission finds that the settlement agreement is in the public interest, represents a fair and reasonable resolution of the proceeding, and, if the settlement is contested, is supported by substantial evidence on the record as a whole.

(6) The nature and extent of the precedential value accorded an order approving a settlement agreement shall be as specified by the parties in the settlement agreement.

Pursuant to the MPSC's contested case settlement rule above, the non-signing parties have until March 27, 2015 to file an objection to the Amended and Restated Settlement Agreement (unless a different time period is established by the Administrative Law Judge ("ALJ")). If no written objection is filed timely filed, the parties will submit a proposed order to the ALJ and the Amended and Restated Settlement Agreement will be ready for MPSC consideration and action.

If a written objection to the Amended and Restated Settlement Agreement is timely filed, the parties will ask the ALJ to establish a schedule for further proceedings on the settlement agreement consistent with the provisions of Rule 431. An example of a schedule for proceedings of this type is the schedule set by the ALJ in response to Cloverland's objections to the original settlement agreement in this proceeding. See attached Scheduling Memorandum.

On March 19, 2015, the non-signing parties advised that they will not contest the Amended and Restated Settlement Agreement.

Answered by: Ronald W. Bloomberg

MICHIGAN ADMINISTRATIVE HEARING SYSTEM
INTEROFFICE COMMUNICATION
TO THE MICHIGAN PUBLIC SERVICE COMMISSION

TO: Case No. U-17682
FROM: Sharon L. Feldman, ALJ
DATE: February 3, 2015
SUBJECT: Wisconsin Energy Corporation and Integrys Energy Group (MCL 460.6q)

(X) Cancel All Dates (from October 30, 2014 scheduling memo)

SCHEDULE FILING

New Dates

Objections to Settlement Agreement	February 12, 2015
Objector's supporting testimony	February 20, 2015
Responses to Objections	February 20, 2015
Testimony Supporting Proposed Settlement	February 27, 2015
Rebuttal Testimony	March 5, 2015
Motions to Strike	March 10, 2015
Briefs	March 23, 2015
Reply Briefs (RTW)	April 2, 2015
PFD Target Date	May 7, 2015
Exceptions to PFD	May 14, 2015
Replies to Exceptions	May 20, 2015

SCHEDULE HEARING

Cross-Exam Scheduled
(all parties, all testimony)

March 12 and 13, 2015

**Application of Wisconsin Energy Corporation for Approval to Acquire the
Outstanding Common Stock of Integrys Energy Group, Inc.
PSCW Docket No. 9400-YO-100**

**WEC's Response to
Commission Staff's First Michigan Settlement Data Request
Dated: March 17, 2015**

REQUEST NO. PSCW MI Sett-01-05:

What rights does Cloverland have to intervene or appeal MPSC action on the agreement? What is the company's basis for this response?

RESPONSE:

On September 15, 2014, Cloverland Electric Cooperative ("Cloverland") filed a Petition for Leave to Intervene Out of Time. Over the objection of Joint Applicants, Cloverland was granted intervention on a permissive basis. (2 Tr 48) Although intervention was granted on a permissive basis, neither Michigan statutes nor Michigan Public Service Commission ("MPSC") rules or practice distinguish between the rights of person/entity granted intervention: (i) as of right; versus (ii) on a permissive basis. See e.g., MPSC Rules of Practice and Procedures, Rule 410, R792.10410. Cloverland has the same rights to participate in the hearing and appeal a MPSC order in this proceeding as any other party.

On March 19, 2015, Cloverland advised that it will not contest the Amended and Restated Settlement Agreement.

Answered by: Ronald W. Bloomberg

Public Service Commission of Wisconsin
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**Application of Wisconsin Energy Corporation for Approval to Acquire the
Outstanding Common Stock of Integrys Energy Group, Inc.
PSCW Docket No. 9400-YO-100**

**WEC's Response to
Commission Staff's First Michigan Settlement Data Request
Dated: March 17, 2015**

REQUEST NO. PSCW MI Sett-01-06:

Related to the continued operation of PIPP:

- a. Will Presque Isle retire by December 31, 2019, as a result of this agreement?
- b. What must be done for MATS compliance?
- c. What other air and water compliance costs issues are anticipated between now and December 31, 2019?
- d. If the answer to questions b and c is yes:
 - i. What is the current timeline of events?
 - ii. What regulatory approvals are required?
 - iii. How will the construction be financed?
 - iv. What jurisdictional customer rates will incur the costs? What is the company's basis for the answer?
- e. What capital expenditures, if any are necessary to continue the operation of PIPP until December 31, 2019?
- f. Would the company agree to seek approval from the PSCW for any capital expenditures related to PIPP, notwithstanding Wis. Stats. §196.49(5)(g)?
- g. If PIPP's facilities are upgraded, would PIPP's life expectancy extend beyond 2019? What is the basis for the company's answer?
- h. If a new plant is not built and PIPP retires, what is the extent of new transmission line(s) needed for ATC customers?

RESPONSE:

- a. The Amended and Restated Settlement Agreement contemplates that PIPP will be retired on or before December 31, 2019. However, MISO must approve all generating unit retirements under the Attachment Y process. Wisconsin Electric will follow the MISO Attachment Y retirement procedures for PIPP. Whether MISO will allow PIPP to retire on or before December 31, 2019 is neither known at this time nor within WEC's control.
Answered by: Chris Akkala

Public Service Commission of Wisconsin
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- b. We are currently executing a project to install a sorbent injection system on all 5 units for HCl control and adding activated carbon to units 5 & 6 for mercury control. **Answered by: Robert Greco**
- c. Upon completion of the project described in item (b), we believe the plant is well positioned to meet all the current air quality regulations for the remainder of the decade. **Answered by: Robert Greco**

The current National Pollutant Discharge Elimination System (NPDES) permit requires the company to conduct a study to evaluate the thermal discharge plume in Lake Superior from the offshore diffusers installed to serve Units 5 & 6 and Units 7–9. This study needs to be submitted with our next NPDES application that is due by April 4, 2017. The estimated O&M cost is in the range of \$125K to \$250K and these expenses would occur between the summer of 2015 and April 2017.

If We Energies submits a signed certification with its next NPDES application that the PIPP units will be retired no later than the end of the next permit cycle (assumed to be October 1, 2022), then there are no O&M or capital costs anticipated to address compliance with the EPA 316(b) cooling water intake structure rule. Furthermore, depending on the outcome of the thermal discharge study, if a retirement occurs no later than October 2022, then additional O&M and capital costs to address thermal discharges are not anticipated.

Last, the federal EPA plans to issue new effluent guidelines for the steam electric power industry in September 2015. Potential O&M and capital costs of this pending rule cannot be predicted at this time. **Answered by: David Lee**

- d. If the answer to questions b and c is yes:
 - i. See response to item (c) for the timeline of the NPDES activities. The project referenced in item (b) will start construction this spring and be completed by the end of 2015. **Answered by: David Lee/ Brad Smith**
 - ii. An air permit is not required for the project referenced in item (b). The NPDES permit reissuance is the primary regulatory approval needed for any changes made to the cooling water intake and discharge structures and the wastewater treatment facilities. If there are projects that involve facility modifications in the bed or bank of navigable waters, then permits from the Army Corps and Michigan DEQ will be required. Additional approvals would be relegated to the local municipal authority in the form of building permits. **Answered by: Robert Greco/ David Lee/ Brad Smith**
 - iii. We expect any construction or capital projects at PIPP will be financed with general corporate funds, as further described in PSCW MI Sett-01-09(a). **Answered by: Daniel Pfeiffer**

- iv. For regulatory purposes, all of Wisconsin Electric's power plants are considered system-wide resources, and corresponding costs are allocated across all jurisdictions. Any investment in Presque Isle will be treated in the same fashion. Thus, the costs will be incurred by all of Wisconsin Electric's customers on a jurisdictional basis . **Answered by: Dave Carlson**
- e. Other than the DSI investments related to MATS compliance discussed under item (b), the Company does not currently believe that significant investment is required to maintain operation of PIPP to December 31, 2019. **Answered by: Daniel Pfeiffer**
- f. WEC understands this question to refer to Wis. Stat. §196.49(5g), not (5)(g). With that understanding, WEC agrees to make the same filing with the PSCW as required in Paragraph 6.d(i) of the Amended and Restated Settlement Agreement. **Answered by: Kate Phillips**
- g. The Company does not anticipate that any investments made will extend the life of PIPP beyond December 31, 2019. **Answered by: Daniel Pfeiffer**
- h. The Midcontinent Independent System Operation, Inc. (MISO) is responsible for planning the transmission system. ATC provides input to the MISO planning effort. MISO held a West Technical Study Task Force (TSTF) meeting on February 13, 2015, to discuss with stakeholders MISO's progress in studying the transmission needs in the PIPP area. During that meeting, ATC made a presentation outlining potential transmission solutions based on a Presque Isle retirement scenario. The ATC presentation is posted to MISO's website:

<https://www.misoenergy.org/Library/Repository/Meeting%20Material/Stakeholder/SPM/2015/20150213%20WTSTF/20150213%20WTSTF%20Item%20XX%20ATC%20NARA.pdf>

ATC's estimated costs for the preliminary transmission solutions range from \$285M to \$485M. **Answered by: Jim Keller**

**Application of Wisconsin Energy Corporation for Approval to Acquire the
Outstanding Common Stock of Integrys Energy Group, Inc.
PSCW Docket No. 9400-YO-100**

**WEC's Response to
Commission Staff's First Michigan Settlement Data Request
Dated: March 17, 2015**

REQUEST NO. PSCW MI Sett-01-07:

Relating to the proposed Michigan subsidiary(ies):

- a. How firm is the commitment to form Michigan subsidiaries?
- b. What is the proposed timeline for divesting WEPCO's and WPSC's Michigan assets into wholly owned subsidiaries?
- c. Will WEPCO and/or WPSC seek PSCW authority for the transfer of the Michigan assets to the new Michigan utilities? Please specify the company's basis for the answer.
- d. Will both utilities' assets be combined into a single Michigan entity? Why or why not?
- e. Will WPSC's gas operations be divested into the Michigan entity? Why or why not?
- f. What are the expected inter-jurisdictional cost allocation impacts of separating the assets?
- g. Will the Michigan subsidiaries be WEC subsidiaries or WEPCO and/or WPSC subsidiaries?
- h. If the Michigan subsidiaries are not formed, will any purchase power costs from the new plant impact Wisconsin rates? Please specify the company's basis for the answer.

RESPONSE:

- a. In paragraph 6(g) of the Amended and Restated Settlement Agreement, WEC agreed to the creation of a Michigan-only jurisdictional utility if doing so would be a reasonable and prudent way to facilitate building a new, clean generation power plant (the "Plant") in the Upper Peninsula. Under the same agreement, WEC's participation in the construction and financing of the Plant is itself subject to several other contingencies and conditions, including regulatory approval in Michigan.

If the Plant is built with either total or partial investment from WEC or if WEC enters into a power purchase agreement, we expect the Michigan subsidiary will be formed. To that end, we anticipate that legislative action on a Michigan subsidiary structure will be introduced in the near term. We expect the Michigan PSC will make the ultimate determination as to whether WEC will be permitted or required to form a Michigan subsidiary, and that the anticipated Michigan legislation will authorize the Michigan PSC to make that decision.

If, by contrast, the new Plant is not built or is built without WEC investment and WEC does not have a power purchase agreement, it is uncertain

Public Service Commission of Wisconsin
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whether WEC will form a Michigan subsidiary. **Answered by: Chris Akkala**

- b. We anticipate that any divestiture of Wisconsin Electric and WPSC Michigan assets into one or more Michigan-only WEC subsidiaries would take place on January 1, 2020. **Answered by: Chris Akkala**
- c. If the contemplated transfer does occur, it will occur five years in the future. As such, we have not yet fully analyzed whether it would be subject to Commission approval. That said, WEC fully intends to comply with all statutory and regulatory requirements applicable to such a transfer. **Answered by: Kate Phillips**
- d. At this time, WEC has not yet determined whether to combine Wisconsin Electric and WPSC utility assets in Michigan into a single Michigan entity. **Answered by: Chris Akkala**
- e. At this time, WEC has not yet determined whether WPSC's gas operations will be divested into a Michigan entity. **Answered by: Chris Akkala**
- f. At this time, the exact inter-jurisdictional cost allocation impacts cannot be determined with any certainty; however, a few preliminary observations can be made as to Wisconsin Electric.

Wisconsin Electric directly assigns distribution assets to Wisconsin and to Michigan based on the state in which they are physically located. Thus, the Michigan portion of distribution rate base and related costs in the Michigan subsidiary would likely remain similar to the allocation made to Michigan today.

Transmission costs are allocated to state jurisdictions based on the average of the 12 monthly coincident demands. While this is not exactly how MISO bills for these costs, it has been used as a reasonable approximation. Therefore, the Michigan portion of transmission costs in the Michigan subsidiary would likely remain similar to the costs allocated to Michigan today.

All of Wisconsin Electric's production assets and costs are allocated to jurisdictions on a system-wide basis today. Any new Michigan subsidiary would own its own production assets and have its own production-related costs. These costs could be quite different than the current system-wide allocation, and the magnitude of this difference is unknown at this time.

Answered by: Dave Carlson

- g. Any Michigan subsidiary or subsidiaries will be WEC subsidiaries. **Answered by: Chris Akkala**
- h. As noted in response to (a), if the Plant is built with WEC investment or a power purchase agreement is in effect, we expect the Michigan subsidiary will be formed. In that event, purchase power costs would not affect Wisconsin rates. **Answered by: Chris Akkala**

**Application of Wisconsin Energy Corporation for Approval to Acquire the
Outstanding Common Stock of Integrys Energy Group, Inc.
PSCW Docket No. 9400-YO-100**

**WEC's Response to
Commission Staff's First Michigan Settlement Data Request
Dated: March 17, 2015**

REQUEST NO. PSCW MI Sett-01-08:

Relating to SSR payments:

- a. Under what circumstances, both currently and in the future, could WEPCO and/or the new Michigan subsidiary seek SSR payments for PIPP?
- b. Please list the protections in place to prevent all Wisconsin customers (whether or not WEC subsidiaries' customers) from incurring future SSR costs related to PIPP.

RESPONSE:

- a. Per the terms of the MISO tariff, WEPCO cannot seek SSR payments without first submitting a completed Attachment Y notice requesting permission to suspend or retire the PIPP unit. Only if MISO subsequently determines that continued operation of the generation resource is required to maintain the reliability of the MISO-operated transmission system will MISO then designate the resource an SSR and tender a draft SSR Agreement to ensure continued operation of, and appropriate compensation for, the SSR unit(s).

Paragraph 6(a) of the Amended and Restated Settlement Agreement restricts WEPCO from entering into an SSR agreement with MISO for the operation of PIPP so long as both Mines, if operational, remain full requirements customers of Wisconsin Electric until the earlier of: (i) the day the new, clean generation plant located in the Upper Peninsula of Michigan commences commercial operations or (ii) December 31, 2019. If a new plant is built, PIPP can be retired, rendering SSR payments obsolete. Otherwise, as described in response to (b), a new agreement with the Mines means that this restriction will remain in place. **Answered by: Chris Akkala**

- b. As noted in response to (a), paragraph 6(a) of the Amended and Restated Agreement restricts Wisconsin Electric from entering into an SSR agreement with MISO for the operation of PIPP so long as both Mines, if operational, remain full requirements customers of Wisconsin Electric until the earlier of: (i) the day the new, clean generation plant located in the Upper Peninsula of Michigan commences commercial operations; or (ii) December 31, 2019.

On March 12, 2015, the Mines and Wisconsin Electric entered into a retail full-requirements contract effective upon the date the Michigan

Public Service Commission of Wisconsin
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commission approves the WEC-Integrus merger, and terminating December 31, 2019. As a result, if the Michigan commission approves this retail contract, Wisconsin customers will be protected from PIPP-related SSR costs. Again, if a new plant is completed sooner, PIPP would no longer be a System Support Resource, so PIPP-related SSR costs would not materialize.

Answered by: Kate Phillips

**Application of Wisconsin Energy Corporation for Approval to Acquire the
Outstanding Common Stock of Integrys Energy Group, Inc.
PSCW Docket No. 9400-YO-100**

**WEC's Response to
Commission Staff's First Michigan Settlement Data Request
Dated: March 17, 2015**

REQUEST NO. PSCW MI Sett-01-09:

Regarding WEC's commitment to invest in the new Michigan generating plant:

- a. Does the commitment allow WEC, in lieu of WEPCO or the new Michigan subsidiary to invest in the non-jurisdictional plant?
- b. What is the proposed capital structure and ratemaking treatment of any investment made by WEPCO in the non-jurisdictional plant? What is the basis for the company's answer?
- c. What is the company's support for a PSCW authorization of WEPCO's borrowing of funds to finance the non-jurisdictional plant?

RESPONSE:

- a. The Amended and Restated Settlement Agreement contemplates investment in the Plant by WEC as such. However, the expectation is that any WEC investment in the new Plant would be temporary and would be transferred to a WEC subsidiary after the WEC subsidiary is formed.
Answered by: Chris Akkala
- b. We do not expect that WEPCO, or a subsidiary of WEPCO, will be the entity that invests in a new, clean generation plant that may be proposed by the two iron ore mines for the Upper Peninsula of Michigan (the "Plant"). As such, WEPCO is not proposing any capital structure or ratemaking treatment with respect to such a plant.
Answered by: Daniel Pfeiffer
- c. We do not expect that WEPCO, or a subsidiary of WEPCO, will be the entity that invests in the Plant. Because WEPCO is not expected to finance the Plant, it is not proposing to borrow funds for that purpose.
Answered by: Joshua Erickson

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